

# ALIXPARTNERS' 2021 LITIGATION AND CORPORATE COMPLIANCE SURVEY

How did in-house legal departments manage during the global COVID-19 pandemic? Our annual survey examines the issues faced by corporate counsel, legal, and compliance officers in the United States and Europe through this past year of disruption.

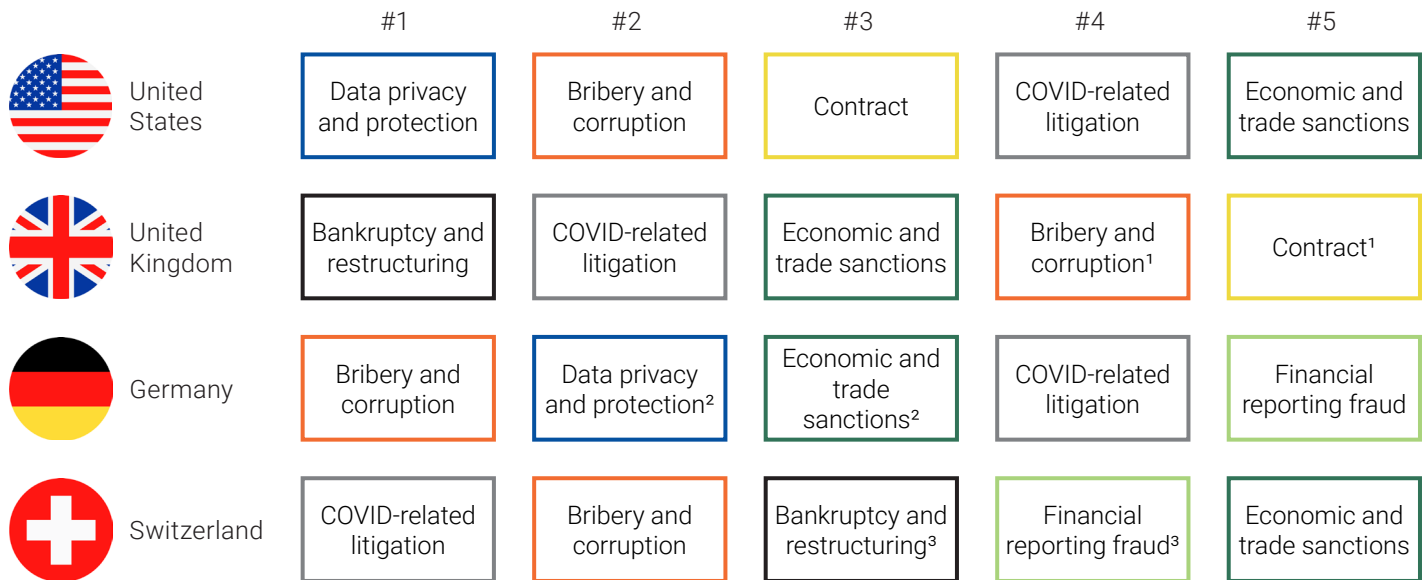
## AT A GLANCE

- 1** **Cybersecurity and data privacy** are top of mind as companies address vulnerabilities in connection with virtual work.
- 2** **The global pandemic** exposed a new range of challenges in the areas of business interruption insurance claims, CARES Act or government aid compliance, and the MAC clause.
- 3** **Bet the company litigation remains high**, driven by M&A disputes during the past twelve months.
- 4** **Corporate counsel are focusing on urgent issues affecting their organizations**, and they are less concerned with future disruptive factors, including regulation, political activity, and environmental factors.

## WHAT TYPES OF LITIGATION HAS YOUR ORGANIZATION BEEN INVOLVED IN DURING THE PAST TWELVE MONTHS?

Overall, one-third of respondents selected (1) bribery and corruption, (2) data privacy and protection, and (3) COVID-related litigation. One-quarter of respondents selected (4) bankruptcy and restructuring, (5) economic and trade sanctions, and (6) contract cases.

Regionally, the top litigation issues were the same, but rank varied:

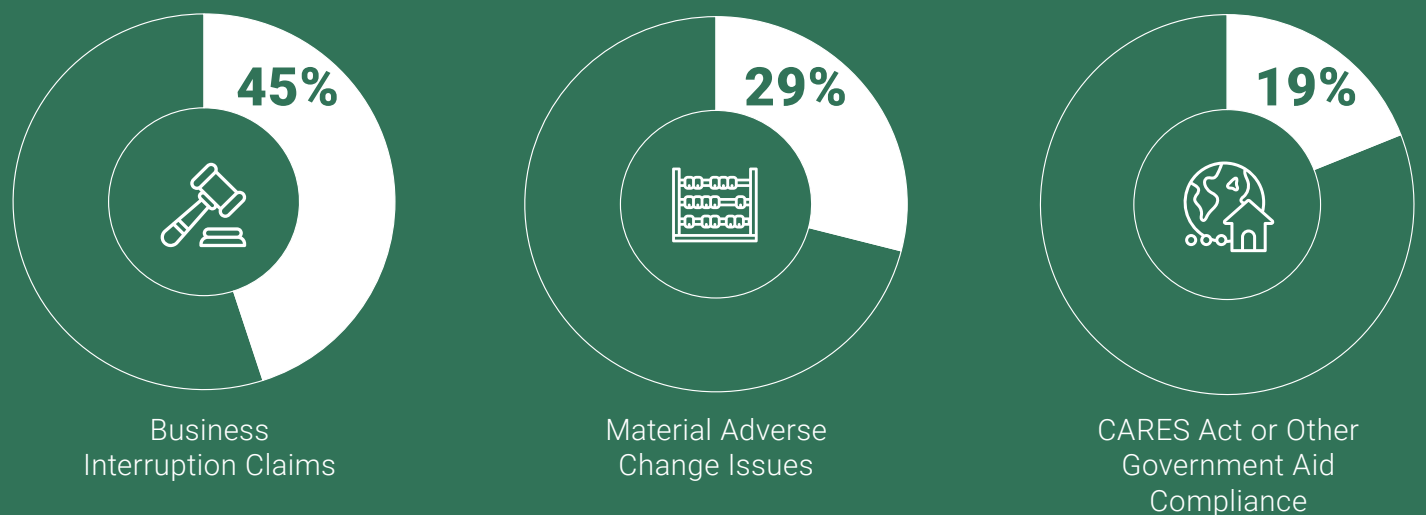


<sup>1</sup> In the UK, bribery and corruption and contract cases tied for fourth.

<sup>2</sup> In Germany, data privacy and protection and economic and trade sanctions tied for third.

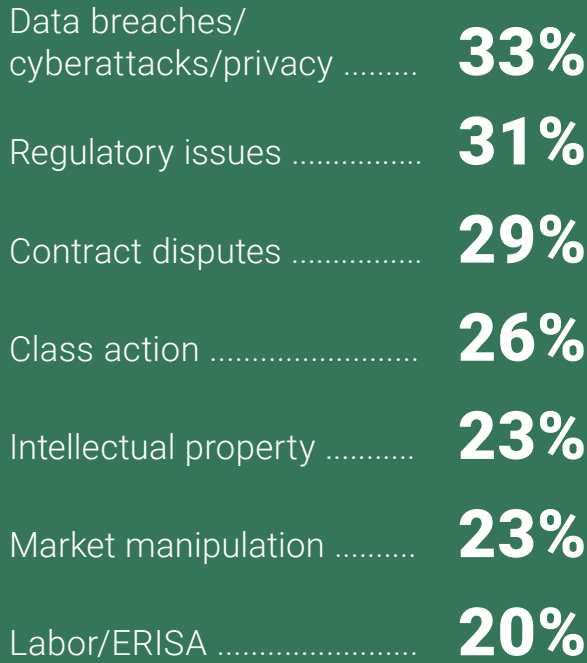
<sup>3</sup> In Switzerland, bankruptcy and restructuring and financial reporting fraud tied for third.

## AMONG THOSE WHO SELECTED COVID-RELATED LITIGATION, THE KEY ISSUES WERE:



## WHICH LEGAL ISSUES ARE THE BIGGEST THREATS...

Corporate counsel are navigating the issues surrounding virtual work, which may be bringing data breaches, cyberattacks, and privacy issues to the top of the list.



## ...BUT ARE THERE BLIND SPOTS?

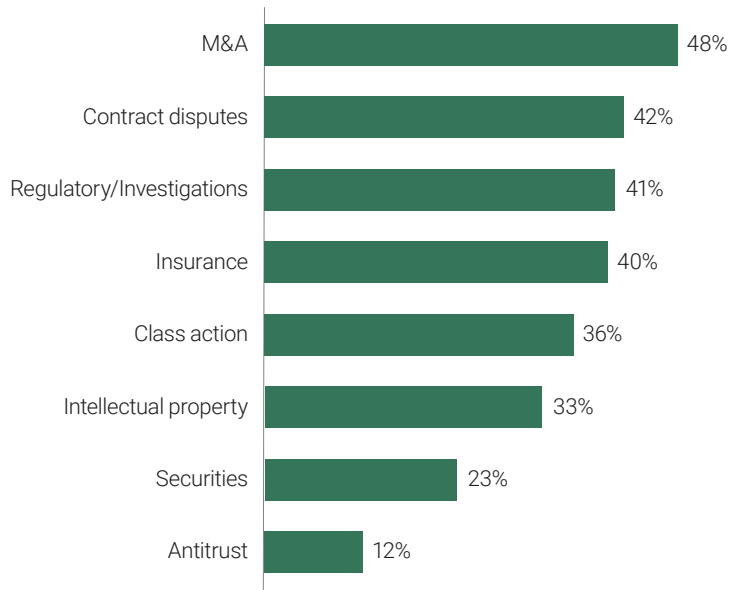
More than 85% of respondents said they do not expect the new US presidential administration, climate change, and/or adjusting to Brexit as potentially having an effect on the litigation or compliance environment in 2021. But even though the effects of those events and trends may take some time to progress, outside counsel may consider how they can help their clients proactively address those and other potential disruptors.

## BET THE COMPANY LAWSUITS ARE PREVALENT

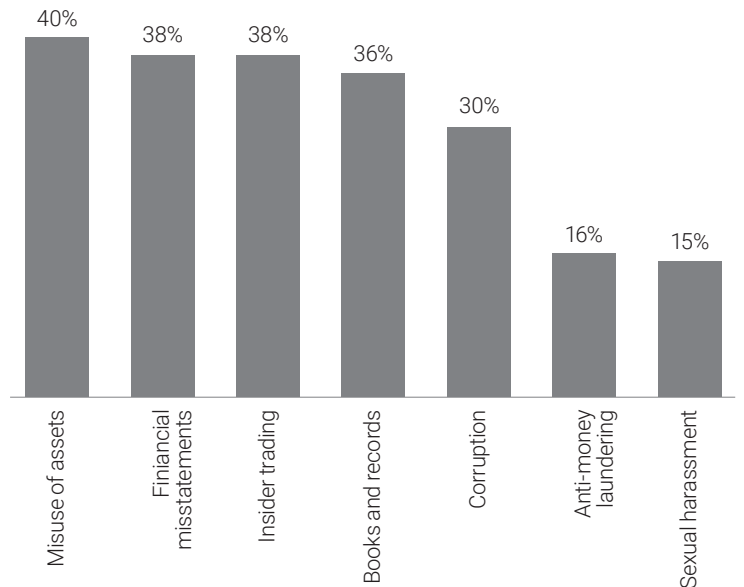
63% of respondents said their organizations had been involved in a bet the company lawsuit in the past twelve months, with nearly half of respondents indicating the disputes involved M&A.

The pandemic undoubtedly played an important role in driving the lawsuit types, as businesses strategized to weather the disruption caused by the pandemic and disruption of the status quo, taking into account M&A, contract terms, and business interruption insurance claims.

**FIGURE 1: WHAT KINDS OF LEGAL ISSUES WERE INVOLVED IN THE BET THE COMPANY DISPUTE?**



**FIGURE 2: WHAT TYPES OF COMPLIANCE ISSUES DO YOU REGULARLY FACE?**



## In-house legal departments

In-house legal departments are maintaining their size and spending to stay vigilant. More than one-third of respondents said their legal spending had increased in the past twelve months.

**86%** of survey respondents said their legal departments had grown or stayed the same in the past twelve months.

**76%** said the number of outside law firms they were working with had increased or stayed the same.

### DECISION MAKING WHEN HIRING OUTSIDE COUNSEL

68% of respondents bring in outside counsel in disputes potentially worth more than \$10 million in damages.

### What factors into their decisions?



Despite alternative fee arrangements coming in at #5, 9 out of 10 respondents said they regularly negotiate them. As a result, more than 1 out of 4 engagements use AFAs.

## WHAT'S TOP OF MIND FOR IN-HOUSE COUNSEL?

85%

Data security

77%

Early case  
assessment

77%

Information  
governance

77%

Retaining more  
litigation related  
work

76%

Global  
compliance  
issues

75%

Controlling  
costs

## REDUCING LITIGATION RISK

We asked respondents how they reduced risks related to litigation.

The top strategies were:

- 1 Reviews of existing compliance programs and identification of gaps
- 2 Leveraging of data and analytics for compliance monitoring
- 3 Improved due diligence procedures
- 4 Education and training
- 5 Development of a litigation response plan
- 6 Development of work-from-home policies

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The AlixPartners' 2021 litigation and corporate compliance survey was conducted from February 10, 2021, to February 21, 2021. The survey polled more than 300 corporate counsel, legal, and compliance officers at companies based in the United States, the UK, and Europe with annual revenues of \$100 million or more.

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